

Message Text

LIMITED OFFICIAL USE POSS DUPE

PAGE 01 ATHENS 02907 151706Z

64

ACTION EUR-12

INFO OCT-01 NEA-09 IO-10 ISO-00 CIAE-00 COME-00 EB-07

INR-07 LAB-04 NSAE-00 SIL-01 CAB-02 DODE-00 DOTE-00

FAA-00 PA-01 USIA-06 PRS-01 SP-02 /063 W

----- 018132

R 151425Z APR 75

FM AMEMBASSY ATHENS

TO SECSTATE WASHDC 8346

INFO AMEMBASSY ANKARA

AMEMBASSY BEIRUT

FAA BRUSSELS

USMISSION GENEVA

THESSALONIK UNN

LIMITED OFFICIAL USE ATHENS 2907

BEIRUT FOR RCAA

EO 11652 NA

TAGS EAIR, ELAB, AFSP, GR

SUBJ: OLYMPIC AIRWAYS DEVELOPMENTS

REF ATHENS 8582, 12/2/74; 8833, 12/12/74; 8984, 12/16/74;

73, 425, 992, 2313, 2384, 2473, 2488, 2612, 2636, 2404

1. SUMMARY: OLYMPIC AIRWAYS TECHNICAL GROUND PERSONNEL ONE-WEEK STRIKE LATE MARCH/EARLY APRIL HAS ENDED FOLLOWING VIGOROUS EFFORTS TO SOLVE DISPUTE BY GOG AND PROTESTS FROM BUSINESS GROUPS AFFECTED. MOST OF CLAIMS WERE MET, INCLUDING TWENTY-FIVE PERCENT BASIC PAY RAISE AND THIRTY-THREE PERCENT SPECIAL TECHNICAL ALLOWANCE INCREASE. STRIKE AND SETTLEMENT EXPECTED TO ADD ALMOST DOLS 2 MILLION TO OLYMPIC'S DEFICIT. BILL FINALIZING OWNERSHIP TRANSFER TO GOG, COMPENSATING OWNERS AND ESTABLISHING AIRLINE'S CORPORATE FORM WILL BE INTRODUCED TO PARLIAMENT FOLLOWING READING OF WILL OF ARISTOTLE ONASSIS WHO DIED MARCH 15. OLYMPIC SPOKESMEN HAVE DENIED PRESS REPORTS THAT DELTA AIRLINES AND AMERICAN AIRLINES HAVE SHOWN INTEREST IN OPERATING OLYMPIC. END OF SUMMARY

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 ATHENS 02907 151706Z

2. OLYMPIC TECHNICAL GROUND PERSONNEL STAGED FORTY-EIGHT

HOUR WARNING STRIKE MARCH 28 AND 29 DEMANDING: (A) FORTY PERCENT PAYRAISE, (B) PROMOTIONS, (C) WAGES WITHHELD DURING LOCKOUT OF SEPT 74. REMOVAL OF CAA GOVERNOR ELIAS DEROS FROM CHAIRMANSHIP OF OLYMPIC'S COURT-APPOINTED EXECUTIVE BOARD HAD CEASED TO BE AN ISSUE FOLLOWING HIS RESIGNATION FROM LATTER POST MARCH 24. CONCILIATORY EFFORTS FAILED AND UNIONS CONTINUED STRIKE BEYOND FORTY-EIGHT HOUR PERIOD. ON APRIL 2 OLYMPIC'S EXECUTIVE BOARD SERVED ULTIMATUM TO STRIKERS TO RETURN TO WORK BY MIDNIGHT THAT DAY ON PENALTY OF SEPARATION. SIMULTANEOUSLY BOARD ANNOUNCED MEETING VIRTUALLY ALL DEMANDS INCLUDING TWENTY-THREE PERCENT PAYRAISE (AS OPPOSED TO FORTY DEMANDED).

3. STRIKE ENDED FOLLOWING VIGOROUS GOG EFFORTS AND CONCERTED PROTESTS FROM ADVERSELY AFFECTED BUSINESS GROUPS. IN JOINT COMMUNIQUE, ASSOCIATIONS OF HOTELIERS, TOURIST SHIP AND BUS OWNERS, TOUR AND TRAVEL AGENTS DEPLORED THE QUOTE UNREASONABLE AND UNPATRIOTIC UNQUOTE ATTITUDE OF STRIKING TECHNICAL PERSONNEL. STRIKERS AGREED TO RETURN TO WORK APRIL 3 AFTER SECURING PAYRAISE 2 PERCENT HIGHER THAN ORIGINAL MANAGEMENT OFFER, BRINGING TOTAL TO TWENTY-FIVE PERCENT OF BASIC WAGES, PLUS 200 DRACHMA INCREASE IN MONTHLY TECHNICAL ALLOWANCE (TO TOTAL OF 800 DRACHMAS). THE PROSECUTOR OF ATHENS COURT OF MISDEMEANORS RECENTLY INSTITUTED FIRST STAGE OF PENAL PROCEEDINGS AGAINST ALL PERSONS RESPONSIBLE FOR THE STRIKE; THESE MAY BE CHARGED WITH OBSTRUCTING TRANSPORTATION AND CAUSING WORK STOPPAGES. MATTER HAS BEEN REFERRED TO POLICE INVESTIGATOR FOR INITIAL INQUIRY. THIS JUDICIAL ACTION PERHAPS REFLECTIVE OF POLITICAL CONCERN OF GOVERNMENT OVER STRIKE ADVERSELY AFFECTING PUBLIC. (SEE ATHENS 2404 AND 2636).

4. RESULT OF STRIKE WAS CANCELLATION OF ALL DOMESTIC AND INTERNATIONAL FLIGHTS FOR A WEEK ON THE EVE OF MUNICIPAL ELECTIONS AND DURING CATHOLIC/PROTESTANT EASTER HOLIDAYS. OLYMPIC MANAGEMENT WAS ABLE TO REALIZE A FEW FLIGHTS TO ISLANDS IN BORDER AREAS MARCH 28 TO TRANSPORT JUDGES AND LAWYERS TO SUPERVISE ELECTIONS. IT ALSO ARRANGED TWO B-747 FLIGHTS TO LONDON AND AUSTRALIAN RUNS WITH PRE-FLIGHT LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 03 ATHENS 02907 151706Z

CHECKS REPORTEDLY MADE BY SENIOR NON-UNION PERSONNEL. DURING STRIKE MILITARY TRANSPORT AIRCRAFT WERE ALSO USED FOR CARRYING TO ATHENS FOREIGN TOURISTS STRANDED IN RHODES.

5. STRIKE FURTHER AGGRAVATED OLYMPIC'S PRECARIOUS FINANCIAL SITUATION, ADDING LOST REVENUES OF 80 TO 100 MILLION DRACHMAS (DOLS 1.00 US -30 DRACHMAS) TO THE ONE BILLION DRACHMA (DOLS. 33.3 MILLION) DEFICIT ALREADY ANTICIPATED FOR 1975. THE COST OF THE SETTLEMENT DURING THE BALANCE OF 1975 IS EXPECTED TO BE 50 MILLION DRACHMAS FOR THE

PAYRAISE, 2.5 MILLION FOR PROMOTIONS, AND RESTORED LOCKOUT PAY 4 MILLION. ALL THESE ITEMS, ESTIMATED TO TOTAL 135 TO 155 MILLION DRACHMAS, MUST BE ADDED TO 1975 DEFICIT.

6. TO ENABLE OLYMPIC TO MEET OPERATING EXPENSES, GOG HAS FOUND IT NECESSARY TO AUTHORIZE BANK OF GREECE LOANS. IN ADDITION TO THE 200 MILLION DRACHMA ONE-YEAR LOAN GRANTED TO OLYMPIC IN FEB 75 AT SIX PERCENT INTEREST, ANOTHER 500 MILLION DRACHMAS LOAN WAS GRANTED RECENTLY (EMBASSY HAS SO FAR NOT BEEN ABLE TO OBTAIN INTEREST RATE).

7. OLYMPIC HAS BEEN NATIONALIZED EFFECTIVE JANUARY 1, BUT ACTUAL TRANSFER OF OWNERSHIP WILL BE EFFECTED BY LAW. EMBASSY UNDERSTANDS FROM BOTH HELLENIC CIVIL AVIATION (HCAA) AND OLYMPIC SOURCES THAT BILL TO GOVERN MODE OF TRANSFER, PAYMENT OF COMPENSATION TO CURRENT STOCKHOLDERS, FUTURE OWNERSHIP AND FORM OF OPERATION HAS BEEN DRAFTED, PENDING FINAL FORMULATION UPON READING OF ARISTOTLE ONASSIS' WILL (WILL MUST BE READ WITHIN 45 DAYS OF DEATH). COURT-APPOINTED EXECUTIVE BOARD PRESENTLY TENDS TO OLYMPIC'S DAY-TO-DAY OPERATIONS.

8. TO DETERMINE THE AMOUNT OF COMPENSATION PAYABLE TO ONASSIS' HEIRS, OLYMPIC'S PROPERTY HAS BEEN VALUED BY SPECIAL COMMITTEE MADE UP OF GOVERNMENT AND OLYMPIC OFFICIALS. THE EMBASSY HAS LEARNED THAT A THREE-MEMBER COMMITTEE MADE UP OF DAUGHTER CHRISTINE ONASSIS, BROTHER-IN-LAW CONSTANTINE KONALIDIS AND A THIRD PERSON WILL OVERSEE DISPOSITION OF OLYMPIC'S PROPERTY. GOG SIGNED MARCH 31, 1975 WITH FIRST NATIONAL CITY BANK OF NY LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 04 ATHENS 02907 151706Z

A DOCUMENT ASSUMING ALL OF OLYMPIC'S DEBTS (NOTE: BOEING REPRESENTATIVE REPORTS THAT OLYMPIC HAS REMAINED CURRENT WITH ITS PAYMENTS). FROM VARIOUS SOURCES IT APPEARS THAT A SHAKE UP OF OLYMPIC'S MANAGEMENT IS IMMINENT. AN HCAA OFFICIAL RECENTLY TOLD EMBOFF THAT SEVERAL RANKING OFFICIALS IN HCAA HAVE BEEN OFFERED DIRECTORSHIPS IN OLYMPIC.

9. AS OCCURRED LAST YEAR, RUMORS AND PRESS REPORTS OF INTEREST IN TAKEOVER OF OLYMPIC BY FOREIGN AIRLINES (DELTA AND AMERICAN AIRLINES IN CURRENT CASE) HAVE SURFACED. THESE REPORTS HAVE BEEN OFFICIALLY DENIED BY OLYMPIC SPOKESMEN. ALSO, ON SEVERAL OCCASIONS GOG HAS INDICATED THAT, ALTHOUGH SOME SHARES OF OLYMPIC MIGHT BE SOLD TO PRIVATE INTERESTS, GOG WOULD RETAIN MAJORITY. HOWEVER, THE POSSIBILITY THAT GOG MIGHT SEEK MANAGEMENT ASSISTANCE IS, TO THE EMBASSY'S KNOWLEDGE, BEING EXPLORED BY AT LEAST TWO US PRIVATE FIRMS.
KUBISCH

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AIRLINES, LABOR STRIKES, STRIKE SETTLEMENT
Control Number: n/a
Copy: SINGLE
Draft Date: 15 APR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975ATHENS02907
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750132-0143
From: ATHENS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750449/aaaabtwb.tel
Line Count: 168
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 ATHENS 8582, 75 12/2/74, 75 8833, 75 12/12/74, 75 8984, 75 12/16/74
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 18 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <18 APR 2003 by BoyleJA>; APPROVED <20 MAY 2003 by MorefiRH>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: OLYMPIC AIRWAYS DEVELOPMENTS
TAGS: EAIR, ELAB, AFSP, GR, OLYMPIC AIRLINES
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006